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# State of Utah Department of Commerce Division of Securities

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## NEWS RELEASE

### **BROKERAGE FIRM SANCTIONED FOR CUSTOMER ABUSES**

February 17, 2006. Salt Lake City, Utah . . . Francine A. Giani, Executive Director of the Utah Department of Commerce, announced that Round Hill Securities of Alamo, California consented to an Order imposing a fine of \$25,000 and will implement special supervisory procedures to ensure its securities agents handle customer accounts properly.

According to the Order, a broker at Round Hill made unsuitable recommendations to a customer in Utah, conducted excessive trading in the account, and failed to disclose the costs and fees assessed on the investments sold to the customer. In a customer's IRA account, the broker generated \$18,000 in commissions on a \$41,000 investment over a two-year period. The transactions in the account were so frequent, the account was turned over an average of 9.6 times per year and would have had to earn 44% in profit just to cover trading commissions and break even. The customer's account decreased in value from \$41,000 to \$14,000. A second account lost \$95,000 out of the \$150,000 deposited. The broker also falsified account documents to avoid detection of his scheme by Round Hill compliance officers. The Order also finds that Round Hill failed adequately to supervise the trading in this account. Round Hill consented to the Order without admitting or denying any violations of the law.

Additionally, the Division has pending actions seeking to revoke the license of the broker for his conduct and the broker's supervisor for failing adequately to supervise him.

The firm has repaid the customer's losses and closed that broker's branch office.